

Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 22435 211700Z
ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-05

CEA-01 PRS-01 PA-01 /081 W

-----116941 212351Z /72

R 211654Z DEC 77

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 3257

LIMITED OFFICIAL USE CAIRO 22435

E.O. 11652: N/A

TAGS: EFIN, EINV

SUBJ: GOE MINFIN REPORTS 1977 BUDGETARY SURPLUS THROUGH

- OCTOBER

REF: CAIRO 21526

1. RECENT PRESS ACCOUNTS IN AHRAM AND GUMHURIYYA DETAIL GOE 1977 EXPENDITURES VIS-A-VIS BUDGETARY ALLOCATIONS. CITING OFFICIAL MINFIN REPORT, PRESS DESCRIBES THIRD QUARTER SURPLUS IN 1977 GENERAL BUDGET AMOUNTING TO LE 702.1 MILLION. ACCORDING THESE ACCOUNTS, OPERATING EXPENSES THROUGH OCT 1, 1977 AMOUNTED TO LE 3104.8 MILLION OR 56 PERCENT OF LE 5502.7 MILLION ALLOCATED FOR FULL FISCAL YEAR ENDING DEC 31, 1977. CURRENT EXPENDITURES FOR SAME PERIOD REACHED LE 1950.7 MILLION OR 51 PERCENT OF LE 3858 MILLION BUDGETED FOR FULL FISCAL YEAR. (N.B. NORMALLY CURRENT EXPENDITURES ARE INCLUDED IN OPERATING EXPENDITURES AND WE BELIEVE THIS IS THE CASE BUT IT IS NOT CLARIFIED IN PRESS.)

2. COMMENT: RELEASE OF MINFIN REPORT ON GOE 1977 EXPENDITURE PICTURE APPEARS COINCIDENTALLY TIMED WITH GOE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 22435 211700Z

ECONOMIC GROUP DRIVE TO PUSH THROUGH PEOPLES ASSEMBLY WHAT PROMISES TO BE STIMULATORY FISCAL PACKAGE (SEPTEL). MOREOVER, AS INDICATED REFTEL, GOE CLEARLY UNWILLING ABANDON PRESENT SUBSIDY PROGRAM FOR KEY COMMODITIES. REPORT, WHICH LAYS GROUNDWORK FOR SURPLUS TO BE TRANSFERRED. TO 1978 BUDGET RESERVES, IS LIKELY AN EFFORT TO CONVINCE DONORS/IMF OF GOE'S ECONOMIC RESTRAINT AND IMPROVED

BUDGETARY CONTROL, AS WELL AS TO COUNTER POTENTIAL CRITICISM OF PROGRAM AS NOW ENVISIONED.

3. ALL REPORTS INDICATE THAT BUDGET/PLAN PRESENTATION NOW UNDER DISCUSSION AT PEOPLES ASSEMBLY INCLUDES LARGER FIGURE FOR SUBSIDIES THAN 1977 AND SIZEABLE JUMP IN PLANNED INVESTMENT EXPENDITURE. AS FAR AS CAN BE DETERMINED 1978 PORTION OF FIVE YEAR PLAN HAS BECOME INVESTMENT BUDGET. WHILE INVESTMENT FIGURE IS REPORTEDLY PROGRAMMED AT PARALLEL RATE, MINFIN HAS NOT CLARIFIED RATE USED IN ALL BUDGET CALCULATIONS (NOTE: LE 1.00 EQUALS \$1.43 AT PARALLEL RATE; \$2.56 AT OFFICIAL RATE). MINFIN AND MINSUPPLY HAVE SAID INFORMALLY, HOWEVER, THAT OFFICIAL RATE IS STILL IN USE FOR VALUATION OF SUPPLY COMMODITIES. IN PAST THIS PROCEDURE HAS RESULTED IN "HIDDEN" SUBSIDY AS NEITHER COST OF IMPORTS NOR COST OF SUBSIDY ACCURATELY REFLECTED BECAUSE OF HEAVILY DISCOUNTED EGYPTIAN POUND.

4. RECENT CONCERTED EFFORT ON PART OF GOE ECONOMIC GROUP MAY BE DESIRE TO DISPENSE WITH BUDGET AND CONTROVERSIAL FISCAL POLICIES, E.G., SUBSIDIES, AT TIME WHEN MOST OF OUR (AND OTHER DONOR ATTENTION) IS FOCUSED ELSEWHERE, ON ASSUMPTION IT WILL BE DIFFICULT TO DEAL WITH A FAIT ACCOMPLI, PARTICULARLY AS CORRECTIVE MEASURES ARE POLITICALLY UNPALATABLE. EILTS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CAIRO 22435 211700Z

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, BUDGETS
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Dec-1977 12:00:00 am
Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO22435
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770476-0780
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771233/aaaabbdy.tel
Line Count: 94
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1d3416ff-c188-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 CAIRO 21526
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 12-Apr-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 162197
Secure: OPEN
Status: NATIVE
Subject: GOE MINFIN REPORTS 1977 BUDGETARY SURPLUS THROUGH - OCTOBER
TAGS: EFIN, EINV, EG
To: STATE
Type: TE
vdkgvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/1d3416ff-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009